

**GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA**

STARRED QUESTION NO:204
ANSWERED ON:04.12.2000
INCREASE IN RATES OF I.S.P.
DAGGUBATI RAMANAIDU

Will the Minister of COMMUNICATIONS be pleased to state:

- (a) whether the Government have increased the rates of International Speed Post (ISP) from November, 2000;
- (b) if so, the reasons therefor; and
- (c) the criteria laid down for fixing EMS, parcel rates?

Answer

THE MINISTER OF COMMUNICATIONS (SHRI RAM VILAS PASWAN)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT IN RESPECT OF PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 204 FOR 4TH DECEMBER REGARDING INCREASE IN RATES OF I.S.P.

(a) The Department of Posts has revised the postage rates on Expedited Mail Service (EMS) items referred to as International Speed Post in the question, from 1st November 2000.

(b) The reasons for the revision of International Speed Post Rates are;

(i) The postage rates of International Speed Post (EMS) rates have been revised after a gap of 6 years. These were last revised in 1994. Since then the domestic cost of operating the EMS service had increased considerably, necessitating a revision.

(ii) India pays to the other postal administrations, a charge for delivery of its EMS items in those countries. This charge is called the imbalance charge and is payable in SDRs. (Special Drawing Rights) At the time of the last revision, majority of the countries were charging 4.9 SDRs as the imbalance charge. Many countries have since revised their rate of imbalance charge, which in many cases is as high as 9 SDRs. As such there was a need for us to make a corresponding increase in our EMS rate structure.

(iii) The payments made by India to other postal administrations for the delivery (imbalance charges) of its Expedited Mail Service (EMS) mails is in SDRs (Special Drawing Rights). The value of SDR in terms of Rupee has changed substantially over the period. The Rupee to SDR parity was 1 SDR = Rs. 36.3616 at the time of the last revision and currently stands at 1 SDR = Rupees 58.7532. Hence, the change in the value of SDR vis-à-vis Rupee also necessitated the revision of postage rates of Expedited Mail Service (EMS).

(iv) There was a need for rationalisation of the earlier rate structure. The earlier two-tier rate structure was based on distances from India, with one rate for countries within 5000 kilometres and the other rate for countries located at a distance of 5000 kilometres or beyond. This rate structure, due to subsequent changes in the imbalance rates was no longer reflective of the actual cost of operations. The revised rate structure has corrected this anomaly and has now been worked out on actual cost basis.

(c) The criterion for fixing the Expedited Mail Service (EMS) and Parcel rates is the cost of operating these services. The cost components in fixing the EMS and Parcel rates are the domestic cost of handling the articles, conveyance costs and the charges payable for delivery in the country of destination. A change in any of these costs necessitates a revision of rates.